

Message Text

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21

ACTION NEA-09

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-03 PA-01

PRS-01 AGR-05 XMB-02 /099 W
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R 091740Z MAY 75

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 2411

C O N F I D E N T I A L ALGIERS 1133

E.O. 11652: GDS

TAGS: EAGR, ENRG, ECON, AG

SUBJECT: ALGERIAN IMPORTS OF US GRAIN AND POSSIBLE CCC
FINANCING

REFS: (A) ALGIERS 0529 (B) ALGIERS 0691

1. EMBASSY HAS LEARNED THAT OFFICE ALGERIAN INTER-
PROFESSIONEL DES CEREALES - OAIC - HAS SIGNED A

PRELIMINARY GLOBAL AGREEMENT WITH PRODUCER'S INTERNA-
TIONAL (PI), AMARILLO, TEXAS, TO FURNISH ALGERIA WITH
ONE MILLION TONS OF GRAIN PER YEAR FOR THREE YEARS.
GRAIN WOULD BE MOSTELY (800,000 TONS) DURHAM WHEAT
PLUS SOFT WHEAT, CORN AND DRY BEANS AND COST
APPROXIMATELY \$350 MILLION PER YEAR.

2. PI STATES ALGERIANS WOULD LIKE AND ARE CONSIDERING
APPLYING FOR CCC CREDITS TO FINANCE THESE GRAIN
PURCHASES. PI UNDERSTANDS CCC PROGRAM NOW REOPENED
AND HAS LOAN PENDING FOR POLAND. IT HAS ADVISED
OAIC TO WAIT TO SEE RESULTS OF POLISH REQUEST.

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3. AN INTERESTING ASPECT OF OAIC-PI NEGOTIATIONS IS THAT OAIC HAS INDICATED TO PI THAT FINAL CONTRACT WOULD BE GREATLY FACILITATED IF PI FOUND CASH BUYERS FOR SONATRACH CRUDE OIL AND ONCV WINE. PI HAS POTENTIAL BUYERS FOR ALGERIA CRUDE IF PRICE, QUANTITY AND TERMS CAN BE AGREED. INITIAL NEGOTIATIONS CONDUCTED BY AIT-LAOUSSINE AND BOUGARRA WERE CUT SHORT BY OTHER BUSINESS AND VISA SNAFU HAS FURTHER SLOWED UP DEAL. PI IS HAVING MORE DIFFICULTY FINDING A BULK WINE PURCHASER, BUT HAS SOME LEADS. ALGERIANS WANT CREDIT FOR THE GRAIN PURCHASES AND CASH FOR THE OIL AND WINE SALES. PI'S ABILITY TO FIND BUYERS FOR ALGERIAN WINE AND OIL DOES NOT NECESSARILY EFFECT GRAIN PURCHASES BUT WOULD FACILITATE THEM.

4. THIS IS SECOOND INDICATION EMBASSY HAS RECEIVED FROM ALGERIANS CONCERNING AGRICULTURAL CREDITS. EMBASSY WOULD APPRECIATE GUIDANCE ON HOW TO RESPOND TO SUCH A REQUEST.

5. COMMENT: SALE OF WINE AND HYDROCARBONS TO THE US AND ADDITIONAL CREDITS WERE ALL ON THE LIST OF ITEMS RAISED BY GOA WITH UNDER SECRETARY ROBINSON (ALGIERS 0529 AND 0691). IF A FAVORABLE RESPONSE ON THESE ISSUES COULD BE GIVEN, IT WOULD HELP CONVINCE ALGERIANS OF BENEFIT BILATERAL CONTACTS AND NON-CONFRONTATIONAL DIPLOMACY. PARKER

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NNN

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